

AffinityWater

ICG Meeting Minutes 26th September 2022



Minutes of the Meeting of the Independent Challenge Group Monday 26 September 2022 14:00 – 17:00 (Teams)

ICG members in attendance		
Caroline Warner	<i>Chair</i>	CW
Ana Maria Millan	<i>CCW</i>	AM
Bob Winnington	<i>Money Advice Liaison Group</i>	BW
Tom Perry	<i>Environment Agency</i>	TP
David Holden		DH
Anthony Smith		AS
Affinity Water members		
Stuart Ledger	<i>Interim CEO</i>	SL
LW	<i>Director of Regulation and Strategy</i>	LW
JB	<i>Director of Customer Experience & Technology</i>	JB
CC	<i>WRMP Community & Stakeholder lead</i>	CC
NS	<i>Customer Engagement Lead</i>	NS
AM	<i>PA (Minutes)</i>	AKM
MH	<i>Head of Economic Regulation</i>	MH
DY	<i>Asset Specialist</i>	DY
AJN (part)	<i>CSR Manager</i>	AJ
FR	<i>PR24 Stakeholder Engagement Manager</i>	FW
ES	<i>PR24 Project Support</i>	ES
Apologies		
Unette Spencer	<i>Mastercard</i>	US
Jonathan Sellers	<i>Environment Agency</i>	JS

Agenda Item	Minute	Action
1.0	Introduction to New ICG Members	
	<p>Caroline welcomed the two new ICG members, Anthony Smith and David Holden to the group.</p> <p>LW confirmed that Keith Haslett will be joining Affinity as permanent CEO from January 2023.</p>	
2.0	New Terms of Reference	
	<p>Draft copy of TOR circulated to members prior to meeting with final version to be circulated today. This will be presented to AWL Board next week for approval. All to review.</p> <p>The Customer Commitments document will evolve and has scope to be updated.</p>	LW/ALL
3.0	Update on Website Development (included in ICG meeting pack)	
	<p>Update provided in ICG pack. Proposal is to have a new dedicated ICG section on the Affinity Water website. This page will be monitored regularly to review activity.</p> <p>LW confirmed that this will provide transparency and an open route for customers to see that Affinity is being challenged independently. CW also felt it may be useful to hear from customers around any questions that they would like CCG to ask/challenge and that the Website could include a link to a form for customers to complete regarding a choice of topics. AM asked if there could be scope to include a customer listening tool to identify key topics and issues that come through customer community groups.</p>	ES

	<p>BW asked if ES requires any specific information from members for the website. ES confirmed that she would like to include blogs from members, photographs (content details included in the ICG meeting pack) and suggested that a member could also do a video as a visual for the site. ICG asked to read the content slides and see if there is anything missing and to send through their blogs/photos.</p>	ALL
4.0	<p>Affinity Water 2021/22 Performance (included in ICG Meeting Pack)</p>	
	<p>MH joined the meeting to provide a summary.</p> <p>Each year Affinity produce an annual performance report for regulatory and statutory purposes, these are then published by Ofwat in October. At first review of company comparisons, Affinity ranked 9th in the industry, overall reflecting an improvement on last years 11th position.</p> <p>CW said that it looks like a success story as some of the improvements are higher in % terms than for most other companies but, as this is from a high leakage and high PCC baseline, does the company understand in detail why it is the case that Affinity is starting from such relatively poor positions and does that insight offer any opportunities. CW asked how is PCC figure broken down, is it through metering/SOS/etc and what lessons are being learnt from these figures in relation to future opportunities?</p> <p>LW confirmed the need to review/understand the performance data and to drill down to retail/household level of detail. JB reiterated that this data is a useful heatmap, but it does not show where we would like to be therefore, whilst we are amber in some areas, we are ahead of where we expect to be.</p> <p>DH asked about the targets "above average/on target" etc. does the slash mean or, or/ and. MH confirmed that it would depend on each indicator and that he will recirculate graph and will refine the legend.</p> <p>TP added that PCC and leakage targets will continue to be tough, and it is good that improvements are being made but that this needs to continue year after year. CW agreed that going forward one of the questions that the ICG may consider is where there could be collaboration opportunities in some areas, cross sector.</p> <p>SL confirmed that Affinity is about to publish their WRMP and in that plan PCC and leakage for the next period are the main tools in the</p>	MH

	<p>armoury to take us forward in managing the balance between supply/demand.</p> <p>MH confirmed that draft tariffs are due to be published (for next year).</p> <p>With regards to progressive tariffs/tariff trials – Ofwat are currently in favour of this, and work is ongoing to develop</p> <p>As part of the PR24 business plan Affinity will be looking at Smart Meters and some of that enabling technology which will help advance in innovative tariffs and tariff options.</p> <p>CW asked if this could qualify as an EIP? LW to investigate further.</p> <p>AM - with regards to Innovative tariffs – would this also develop innovative ways to provide additional customer support? MH confirmed that in the short term, next year, Affinity is already looking at adjusting the way that they return revenue over recovery to target customer groups that are at the greatest risk Long term an Important part of PR24 will be to develop an affordability strategy.</p>	<p>LW</p>
<p>5.0</p>	<p>Update on Clara Bridge – Live Demo</p>	
	<p>JB provided demo.</p> <p>Clara Bridge enables Affinity to see what matters to its customers and brings all the insights together and enabling Affinity to drive the Voice of the Customer. There is now a “customer first” internal meeting held every week which is an opportunity to discuss what matters to customers and to validate the C-Mex improvement plans.</p> <p>AS – agreed it was a very powerful tool and asked how data is prioritised and then cross referenced? JB confirmed that the top 7 customer journeys have already been identified and prioritised. Using Customer First/ C-Mex Strategy and then the Clara Bridge information this is then validated to manage activity required.</p> <p>BW – how are telephone calls accessible given the sensitivity of customer confidentiality. JB confirmed that access is restricted, there is a password requirement, and no credit card details are captured on this system. Vulnerability is a big challenge, and with this platform there is the ability to identify how can we move to be more pro-active and to drive more outbound activity.</p> <p>AM - where the system has identified potential PSR customers based on sentiment, how would that be validated prior to adding them to register? JB confirmed that customers are not automatically added</p>	

	<p>to the PSR, but it helps to highlight a wider potential area and what could be done.</p> <p>CW asked for this to be included as an agenda item at the November ICG meeting to present insights from the 1st phase of Clara bridge and how these will be translated into the business planning process.</p>	JB
6.0	<p>Update on current Drought position and plans for the future (included in ICG meeting pack)</p>	
	<p>DY joined the meeting. TP asked about additional restrictions, DY confirmed that Affinity are not yet at ground water level triggers where restrictions would need to be introduced. October/November rainfall will be critical to ground water recovery.</p> <p>LW confirmed that there is quite a big education piece. Firstly, for customers and stakeholders to understand the difference between ground water fed companies and those that are surface water fed. Secondly, there is a lot of time and effort that goes into producing drought management plans to ensure that they are appropriate and fit for purpose and these are signed off by the Secretary of State. There is also a legal obligation to follow these plans. It is important to articulate this to our customers and stakeholders and to monitor the situation regularly.</p> <p>AH asked what might happen in next 2/3 years. DY explained the difference between supply being ground water and surface water fed. Affinity groundwater levels have fallen but not at the rate of some other water companies reserves. Thames have reservoirs that are predominately refilled by rivers so have not been able to recover.</p> <p>CW queried why it would still not be seen as beneficial to introduce a temporary usage ban at the point where water levels were declining due to hot weather periods etc and to protect overall annual capacity? DY confirmed that during the summer Affinity felt that water resources levels were sufficiently healthy from a groundwater perspective that a TUB did not need to be introduced. There is also a risk of introducing a TUB, when not really required, as this would not have the desired outcome as customers could become bored of restrictions.</p> <p>Communication Strategy and customer education will be vital.</p> <p>Ana will share a video with the group that is from a CCW research piece that demonstrates that people just do not know/understand why they need to save water.</p>	AM

7.0	DWRMP – what we are proposing and how we will be consulting (included in ICG meeting pack)	
	<p>CC explained that the DRWMP (Draft Water Resources Management Plan) is long term planning for supply/demand and outlines the timelines and activities that will be undertaken.</p> <p>The Affinity DRWMP will be submitted to Defra on Monday and looks ahead to 2075. The plan reviews the supply that Affinity has currently and future supply forecast, the demand, both current and in the future and seeing if this balances. There will be a deficit and the plan is to address what Affinity will do to fill the gap between supply/demand.</p> <p>There are three key areas, demand management strategy, how water is moved around and bringing in new supply resources.</p> <p>Consultation on the WRMP will start on the 14th of November - end February 2023.</p> <p>Consultation Process – CW felt that the consultation questions were quite complex and asked how Affinity will be engaging directly with customers. CC confirmed that a summary document will be run with the Customer Community. They will receive the document and it will be a 3 week program of work. The questions themselves will also sit on a platform called Engagement HQ. Videos/Blogs/news updates will also be produced alongside community events etc.</p> <p>The ICG recommended arranging a series two hour customer community groups together to explain the subject/questions in a way that is easy to understand and hold nuanced conversations. Also, important to have the correct/balanced representation.</p> <p>CC to circulate chapter 3 of the main document to the ICG for further comment/suggestions regarding customer engagement/community events.</p>	CC
8.0	EIP Projects (Environmental Innovation Projects) included in ICG meeting pack	
	<p>EIP is a bespoke performance commitment and there is a series of eight environmental projects.</p> <p>ICG today - approval for sign off on Gateway 1 for x 2 targeted campaigns in the Brett and Wey region. Campaign is to engage through a behaviour change programme to drive 20% reduction in</p>	

	<p>water usage. The campaign will raise awareness through targeted advertising, shaping social behaviour through Digital & eCRM and enable water saving habits.</p> <p>There is an opportunity to align the EIP projects with the SOS campaign.</p> <p>CW felt that the purpose/ innovation for this particular campaign was not described well enough in the slides provided. AJ to send some additional information to the ICG to articulate the detail around innovation.</p> <p>AM queried how innovation/achievement results are being used to drive demand management in the long term. LW confirmed that part of the WRMP is around demand management and any future EIP/SOS campaigns etc will be used to drive long term results.</p>	AJ
9.0	AOB	

I confirm that the Minutes of the ICG September 2022 Meeting are a true and accurate record of the business discussed and agreed.

ICG Chair

Signature:



Date: 24/10/22

AWL Director of Regulation and Strategy

Signature



Date: 20/10/22